

TRANSPORTATION PERFORMANCE AUDIT BOARD

Friday, August 5, 2005
8:00 a.m. – 1:15 p.m.
Conference Room
Puget Sound Regional Council
Seattle, WA

- Minutes -

The meeting was called to order by Chair Doug Hurley at approximately 8:15 a.m. Members present were: Forner, Haugen, Hurley, Jacobson, Long, Ostrowski, Ray, Wallace and Woods.

1. Report of the Chair

- a. General Information – Chair Hurley opened the meeting by introducing new members Janet Ray, Dick Sandaas (who was unable to attend this meeting), Michael Jacobson and Elmira Forner (also unable to attend).
- b. Minutes – The minutes of the June 29, 2005 and July 21, 2005 meetings were approved.
- c. 2003-05 TPAB Financial Report – Dalene Sprick, TPAB staff, presented the final TPAB financial report for the 2003-05 biennium.

2. Review and further amend Bylaws

Dalene Sprick, TPAB staff, explained proposed revisions to the TPAB bylaws and indicated that several of these changes were at the recommendation of TPAB's attorney.

Member comments:

- Elmira Forner requested that in Rule 13 – Staff Costs, the Commission Administrator should be added to approve staff expenses associated with the Board. Chair Hurley amended the bylaw to include at the end of the second paragraph "... or in the absence of the TPAB Administrator, it may be the Commission Administrator".

John Ostrowski moved adoption of the TPAB bylaws as amended, and Representative Woods seconded. Voting yes: Forner, Haugen, Hurley, Jacobson, Long, Ostrowski, Ray, Wallace and Woods. Motion passed.

3. Election of Chair

Chair Hurley explained that the prior rule, before adoption of the revised bylaws above, had a two-year term of the chair to be succeeded by a vice-chair. The seat of vice-chair has been vacant since the resignation of Tom Noguchi.

Representative Wallace and John Ostrowski nominated Doug Hurley to remain as chair. Senator Haugen stressed the importance of Chair Hurley remaining as chair to maintain continuity. Senator Haugen seconded the nomination.

Chair Hurley expressed his appreciation and agreed to continue for at least one more year, unless other members expressed an interest.

Motion passed in favor of Chair Hurley continuing as Chair of TPAB. Voting yes: Forner, Haugen, Jacobson, Long, Ostrowski, Ray, Wallace and Woods.

4. Discuss roles of the Transportation Commission and TPAB

Dalene Sprick, TPAB staff, presented a synopsis of the roles and duties of both the Transportation Commission and TPAB. She also discussed TPAB mandates that were a result of legislation passed in the 2005 Session.

Member comments:

- Elmira Forner pointed out the five oversight agencies (JLARC, Transportation Commission, Governor's Office, OFM and TPAB) that are responsible for benchmark and performance measures, and questioned whether TPAB plans to do its work independent of the others or if there will be a close working relationship with all entities. Dalene Sprick mentioned that an ongoing transportation workgroup has been formed to work on this issue which consists of House and Senate staff, and representatives of OFM, JLARC, GMAP, Governor's Office, TPAB and the Department of Transportation.
- Michael Jacobson suggested that a system could be designed which would indicate what different types of information is needed by each different group, rather than ad hoc requests for data coming from several different entities.
- Chair Hurley briefly discussed budget and staffing authorities of TPAB and the relationship with the Transportation Commission.

5. Review and approve 6-Year work plan and detailed 2005-07 work plan

Chair Hurley amended this item as noted above indicating that the 6-year work plan will not be presented to the board for adoption today.

Dalene Sprick, TPAB staff, presented a draft proposed 6-year work plan and also provided members with a previously adopted 6-year work plan for comparison. She briefly discussed what changed from the previously adopted version and why.

Chair Hurley moved to Item 6 before taking action on the 6-year plan.

After adoption of the 2005-07 Budget, Chair Hurley made an amendment to the work plan -- "WSDOT All Highway and Ferry Construction - Capital Project Overview Preliminary Audit - Comparative Component" item listed in the budget. He deleted "Comparative Component" and inserted the words "to be determined".

He then deleted the \$10,000 from Jan-June 06 and the \$10,000 from July-Dec 06 "WSDOT Capital Project Management Follow-up (JLARC) indicating that this will be done with staff time and that the dollars will move to the "Projects to be Determined (example: Monorail, Right of Way)" making the totals \$230,000 and \$120,000 respectively.

Representative Woods motioned adoption of a 2-year work plan as amended and Linda Long seconded. Motion passed.

6. Review and approve TPAB budget

Dalene Sprick, TPAB staff, presented the Draft TPAB Budget for the 2005-07 biennium, explaining that of the total TPAB appropriation (\$2,270,000), 76 percent is allocated to studies, audits and monitoring and 24 percent is allocated to board administration.

Ms. Sprick indicated that by adopting this budget with the existing bylaws, it authorizes the board to move forward with contracts that are in process or those that will be issued once the board approves the scopes and objectives. Without a budget, the board cannot proceed with the contracts (projects).

Chair Hurley shared two budget provisos that he would like to have included with the adoption of the TPAB budget. He asked the legislators on the board to review the provisos and clarify if these are in line with the intent of the legislation. The legislators present agreed that Chair Hurley's interpretation was correct. Mike Groesch, STC staff, stated that the confusion between the language in the bill and the budget proviso's in the area of staffing will be revisited in the Supplemental Budget.

Member comments:

- Michael Jacobson asked if the percentage split is comparable to that of other boards. Discussion of the board indicated that 24 percent overhead is quite low.
- Representative Woods asked if this budget, after adopted, can be amended as needed. Ms. Sprick indicated that it could be changed and also that quarterly changes can be submitted to the allocations to accommodate any changes.
- Chair Hurley made an amendment to the "WSDOT All Highway and Ferry Construction - Capital Project Overview Preliminary Audit - Comparative Component" item listed in the budget. He deleted "Comparative Component" and inserted the words "to be determined". This is to make it clear that the \$200,000 estimated expenditure is not committed in a given direction yet, and adjoins to the \$440,000 below which is "to be determined".

Senator Haugen motioned and Janet Ray seconded that the Draft TPAB Budget, along with the Budget Provisos be adopted. Motion passed.

7. BREAK

8. Approve process and documents to proceed with Goals, Benchmarks and 10-year Investment Criteria and Process Study

Dalene Sprick, TPAB staff, explained that this study is a combination of two separate legislative mandates; one to assess the 10-year investment criteria and process as soon as possible, the other to look at RCW 47.01.012 - state transportation goals and benchmarks. She stated that the preliminary report would be due on November 3, with the final report due on November 28 and has a \$150,000 budget. She then gave an overview of the proposed study work products.

After discussion of the board, it was agreed that the timeline would be pushed back with the preliminary report not due until November 29.

Mike Groesch, STC staff, Jerry Long, HTC staff, and John Ostrowski agreed to evaluate the proposals and make recommendations to the board.

Representative Wallace motioned for adoption of the Draft Scope and Objectives and John Ostrowski seconded. Motion passed.

9. Approve process and documents to proceed with WSDOT and TPA Study

Dalene Sprick, TPAB staff, discussed Scope and Objectives for the Recurring Capital Delivery and the Transportation Partnership Account (TPA) Measures study. She explained that this is basically a continuation of the work in process related to measurements of capital projects and the work that has already been done. She explained that the transportation work group has been meeting with the emphasis of coming to a consensus as to what data should be included and what it should look like. She stated that a preliminary report is due on November 3 and the final report

due on November 28 and has a \$150,000 budget. She then explained the proposed study objectives.

After discussion of the board, it was agreed that the timeline would be pushed back with the preliminary report not due until November 29.

Senator Haugen motioned for adoption of the Draft Scope and Objectives and Representative Wallace seconded. Motion passed.

10. Approve Scope and Objectives for Communication Assistance (see timeline)

Dalene Sprick, TPAB staff, discussed the draft scope of engagement for Communications/Public Relations Assistance, explaining that the notion is to increase TPAB's communications. She then reviewed the engagement deliverables. The cost for this assistance would be \$80,000 over the 2005-07 biennium.

It was suggested by Janet Ray and agreed to by the board that the experience be broadened to include media relations/marketing strategies.

Elmira Forner, Janet Ray, and Linda Long agreed to evaluate the proposals and make recommendations to the board.

Senator Haugen motioned for adoption of the draft scope and objectives as amended and Representative Wallace seconded. Motion passed.

11. Preliminary Report on the Environmental Permitting Study

Chair Hurley indicated that this item will be short and introductory, as there has not been ample time to do a thorough job on the recommendations.

Chair Hurley then stated that with their extensive knowledge in the area of environmental permitting, he would like Senator Swecker and Michael Jacobson to be a subcommittee and carefully monitor this study. Chair Hurley indicated that he will also participate on this subcommittee.

Keenan Konopaski, JLARC staff, and Gary Walvatne, TechLaw, Inc., provided an overview of the preliminary report of the Environmental Permitting Study.

12. Adopt Accountability Study recommendations from JLARC

This item will be discussed for new members, however, the recommendations will not be adopted today.

Keenan Konopaski, JLARC staff, gave an overview of the four Recommendations from the June 29, 2005 TPAB report of the Review of Accountability Mechanisms for WSDOT. He also provided members with a Proposal Final Report.

13. Approve proceeding with Operating Procedures and Standards for TPAB (based on law, Yellow Book & GASB - to include strategic statement and criteria)

Dalene Sprick, TPAB staff, indicated that this agenda item evolved from a number of comments and questions from board members. She then discussed the various auditing standards, i.e. law, Yellow Book and GASB.

Ms. Sprick then indicated that in an effort to bring forth consistency, the board should consider creating a document that becomes TPAB's standards and operating procedures which recognizes that TPAB is not purely an audit entity, but also has other mandates that are outside the typical scope of the GASB criteria and the Yellow Book. She stated that she would also like to have a mission statement and strategic plan in this document to outline the guidelines by which TPAB would be following.

She then asked the board for authorization to proceed and pointed out that with approval for funding, this effort could be sped up.

John Ostrowski made a motion to authorize staff to spend up to \$9,999 to procure someone to help with the strategic plan and guidelines of TPAB and Michael Jacobson seconded. Motion passed.

14. Continue preliminary discussion of potential to audit the Monorail project

Chair Hurley explained that EnviroIssues was the firm selected to conduct a review of reviews of the Monorail project to assist in determining if TPAB should move forward with an audit.

Pat Serie and Angie Thompson-Bulldis of EnviroIssues, provided members with a Draft Monorail Review Matrix Summary and discussed several elements (cost, revenue, financing, project elements, project analysis and decision making) that were reviewed for each of five reviews (State Auditor's Audit, Seattle City Council's Review before Permit Issuance, SMP Independent Auditor [Moss Adams] Report, Monorail Board Action Plan, and Treasurer's Review) that EnviroIssues looked at related to the Monorail project. It was noted that it is a work in progress.

Ross McFarland and Kevin Raymond, monorail staff, talked about the rejection of the finance plan, the significant changes in leadership with both the board and the resignation of the Execution Director, and with the significant public concern about the project, he indicated that the board will be evaluating all options and assumptions and will be making a recommendation for moving forward.

Representative Wallace stated that she believes TPAB has a responsibility to call attention to the gap that was evident in the work of EnviroIssues. Senator Haugen expressed her agreement.

There was consensus of the board that a letter be drafted to point out the gaps in project analysis, gaps in reviewing the decision making process, and to provide recommendations. A subcommittee consisting of John Ostrowski, Representative Wallace and Chair Hurley was formed to assist in reviewing the monorail issues and drafting the letter. Chair Hurley stated that a telephone conference call of the subcommittee will be scheduled to discuss the first draft of the letter.

15. Approve Performance Measures for submission to OFM

Dalene Sprick, TPAB staff, presented members with draft performance measures for TPAB and indicated that TPAB is required to submit quarterly performance measures to OFM. She noted that they have to meet certain guidelines set out by OFM and are to contribute to the POG and GMAP processes.

Member comments:

- Representative Wallace indicated that she would like to add a goal that is "communicate the findings of the results" (we communicated to the public, we communicated to the agencies, etc.) Chair Hurley agreed, but stated that further discussion on this issue would continue at the September 9 meeting. He then suggested that the existing draft document be submitted to OFM in order to meet the September 26 deadline, but with the caveat that they will be reviewed and added to later.

Senator Haugen motioned to adopt the draft performance measures and submit to OFM and Michael Jacobson seconded. Motion passed.

The meeting was adjourned at 12:25 p.m.